



ICO NEWSLETTER

Volume 11, Issue 1

February 2008

ICMP Variance Request Philosophy

One of the goals of revising the ICMP last year was to incorporate commonly granted variances. As a result of this approach, over 470 variances were eliminated. The Division's goal is to clarify the language in the ICMP and standardize procedures throughout the industry. This goal is instrumental in reviewing ICMP variance requests. The ICMP are standards for all casinos to follow and are meant to be applied across the industry. This standardization allows for better regulation and enforcement of the industry by the Division. In line with this goal, the Division modified its methodology regarding ICMP variance requests. The ICMP variance request form requires a justification for the variance. The justification identifies any risks associated with the requested variance and is the crux upon which an approval or denial is based. If the justification for the request is deemed inadequate, the Division will deny the variance. This is a change in the Division's philosophy regarding ICMP variance requests and the Division is confident this new process will allow for a more consistent approach and enforcement of the gaming industry.

Reporting Winners to the IRS

On October 19, 2007, the IRS issued a press release stating that casinos, card clubs and anyone else who sponsors a poker tournament will have to withhold 25% of the prize money from anyone who wins more than \$5,000. The penalties for failing to withhold can be fierce. At the very least, the tournament sponsor has to pay that 25% out of its own pocket. The IRS added that, when this new rules goes into effect on March 4, 2008, it would not go after any tourney operator who gives the IRS the names, addresses and taxpayer identification numbers of its big winners.

Redacted from the December 2007 issue of Casino Enterprise Management magazine

The Surveillance section of the ICO Checklist is now available online at the Division web site.

Standard Financial Statements

It's that time of year again to submit the annual non-audited financial statements to the Division. The financial statements are due by midnight on March 17. Any questions regarding the financial statements should be directed to Roger Pinson at (303) 582-0529.



ICMP Question and Answer Session

To address the industry's questions regarding interpretation and implementation of specific areas of the revised ICMP, the Division is holding a Question and Answer session immediately following the next scheduled ICO meetings. The next ICO meeting in Central City/Black Hawk is Wednesday, April 30 at 9 a.m. at Century Casino. The next meeting in Cripple Creek is Wednesday, May 14 at 1 p.m. at Double Eagle. By that time, the ICMPs will have been in effect for six months, which provides the industry ample opportunity to fully implement the procedures and target any specific concerns.

In the interim, please send all specific questions about the ICMP that you would like addressed at these meetings by March 28 to casinos@spike.dor.state.co.us. In the subject line please state ICMP Q&A Session. In the body of the email please include the ICMP section, page number, ICMP language and specific question.

These questions will form the agenda for the Question and Answer sessions. In order to develop an agenda and ensure the appropriate Division staff is available, all questions must be submitted in writing prior to the meetings. Questions not previously submitted will most likely not be discussed at these meetings.

EZ File user access and security

Please remind your Casino System Administrator that each EZ File user **must** have his/her own user id. This helps ensure the security of the data inside EZ File. It is not appropriate for multiple users to share a common user id. If a new user is using an old user id, his/her name isn't associated with that id (which causes problems with password changes) and the old user still has access to the system and data, even though the individual may no longer be with the casino.

Also, please remind your System Administrators to delete users as they leave the employ of the casino. This ensures that employees who leave do not have access to the casino's tax information once they depart. It is the responsibility of the General Manager to notify the Division of Gaming if a System Administrator leaves so that we can delete them and assign a new System Administrator. To further ensure that the system security needs of the casinos are met, please refer to the online Casino EZ File System training manual (<http://www.revenue.state.co.us/Gaming/Documents/EZManual.pdf>) for a refresher on the different security levels. As always, please contact Shannon Voth at (303) 205-1304 for assistance.



License Requirement for Remote Access

...REMINDER...

All casino employees, authorized third party individuals and manufacturer representatives that remotely access a casino's slot monitoring system must have a valid gaming support or key license. The System Log in the Slot Monitoring System section was updated in the most recent ICMP revision (November 1, 2007), and includes a new requirement to document the license number of the individual remotely accessing the slot monitoring system. If the individual requiring remote access does not have a valid support or key license, the person cannot have access to the system. Note: The manufacturer's representative must have a valid individual gaming license in addition to the license held by the manufacturer.

Please inform the Division in writing at CCBHCasinos@spike.dor.state.co.us or CrippleCreekCasinos@spike.dor.state.co.us if an instance occurs where an individual was denied access because they did not have a valid gaming license.

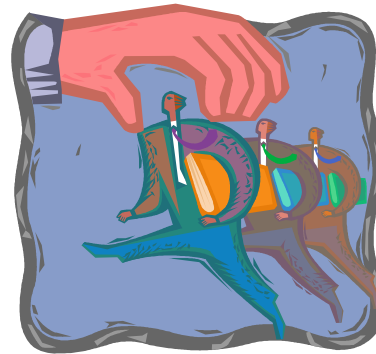


Colorado Standard Report Field Trial Updates

The standard reports field trial for the Aristocrat Oasis system will be held at the Golden Gates Casino in Black Hawk. The field trial will begin on February 26 and continue until the Division has completed its review and has approved the new standard reports. The Division will notify Oasis system users when the field trial is completed and the standard reports have received final approval. Upon the completion and approval of the field trial, Oasis system users will be given a timeframe in which to complete the installation of the reports. The Division will provide additional information in regards to the installation and use of the new reports at a later date.

The standard reports for the IGT and Bally's systems are in the final stages of testing at GLI, and casinos that use those systems will be notified when the testing is complete and ready for field trials.

For questions pertaining to the standard report field trials, please contact Georgia McBride, Technical Systems Manager, at 303-205-1347.



Division of Gaming

The Division of Gaming is currently recruiting to fill a vacant audit position in the Cripple Creek office. Please contact Chief Auditor, Georgine Zalesky, for more information at (303) 205-1315 or gzalesky@spike.dor.state.co.us.

The Division of Gaming is also recruiting to fill a systems specialist vacancy in the Technology Section. Please contact the Systems Technology Manager, Georgia McBride, for more information at (303) 205-1347 or gmcbride@spike.dor.state.co.us.

Gambling Payment Intercept Bill

The gambling payment intercept bill requires casinos to check the gambling payment intercept registry for all persons who win a cash prize from a specific wager connected to limited gaming for which the casino is required to file form W-2G or a substantially equivalent form. Only cash prizes resulting from a single gaming wagering event initiate the search in the registry. Cash prizes do not include promotional awards, loyalty programs awards or other cash prizes not associated with a specific wagering event.

Colorado.gov is developing the internet registry system. The Department of Human Services is responsible for providing the information to the registry in regards to outstanding child support payments. Data will be transferred daily between Colorado.gov and Human Services to update the database.

Casinos will pay an annual fee to gain access to the registry. The fee includes ten user ids, which can be reassigned as staff turnover occurs. The casino and Colorado.gov will receive a \$15 and \$10 processing fee, respectively, for each intercept. These fees are paid by the patron and withheld from the patron's winnings.

The casino must verify whether the patron is listed in the registry for each event even if the patron's name has been verified previously. If the patron is listed in the registry the casino must withhold the amount of child support due from the patron's winnings. Upon withholding

the funds from the jackpot, the licensee sends the amount withheld plus the \$10 processing fee collected from the patron to the Registry within 24 hours. The casino retains its \$15 processing fee.

The system provides three receipts. The patron receives a receipt that includes the necessary information for him to contact Human Services regarding any discrepancies. The casino retains a receipt at the time of the intercept to show the monies withheld from the jackpot. The third receipt is provided at the time funds are sent to the registry. The registry also provides a report feature to document the searches completed.

The Division provided updates to the industry in January regarding the registry. These meetings provided the Division with useful information that will aid in the development of the registry and appreciates the input provided. The Division drafted rules addressing the registry, which will be considered for adoption on March 20 following the Gaming Commission meeting. The proposed rules are located on the Division's website and licensees are encouraged to read and comment on the rules.

The Division of Gaming continues to work with the Department of Human Services, Department of Revenue and Colorado.gov on creating and implementing the registry. As mentioned at the industry meetings, this project is on a very tight timeframe and all parties are committed to meeting the July 1, 2008 implementation date.

GAMING LICENSE NUMBER REQUIRED ON GAMING FORMS

The November 1, 2007 ICMP added the requirement to include the gaming license number on gaming forms. The following is a list of subsections that refer to the gaming license number. Please review the following subsection and ensure your staff is aware of the additions, and that your forms contain the required information.

ICMP Section

- General
- Slots
- Slot Monitoring Systems
- Wireless Handheld Validation Units
- Cashier
- Key Control
- Key Control
- Key Control
- Key Control
- Accounting
- Accounting
- Accounting
- Accounting
- Accounting

ICMP Subsection

- Gaming Forms
- The Jackpots, Additional Payouts, and Slot Fills
- The System Log
- Physical Access Controls
- Key Authorization Logs or Signature Cards
- General
- System Administration
- AKTS Failure
- Duplicate Keys
- Accounting Reports
- Internal Compliance Officer
- Chip and Token Procedures
- Chip and Token Destruction
- Chip and Token Verification

A BIG THANK YOU!

Once again our thanks go out to the ICOs for timely submittal of their Internal Compliance Officer Reports for the period of July through December 2007. The Division recognizes that the preparation of the report requires a lot of time and responsibility, and the Division appreciates the efforts of the ICOs.



UPCOMING ICO MEETINGS

The next ICO meetings will be held in April and May 2007. You are encouraged to submit any questions or topics of discussion you would like addressed, either by the Division or your fellow ICOs. Please call or email your questions or topics to:

Garry Brown (303) 582-0529, gbrown@spike.dor.state.co.us,
Laurie Scott (719) 689-3362, llscott@spike.dor.state.co.us,
Shannon Voth (303) 205-1304, svoth@spike.dor.state.co.us.

CALENDAR OF EVENTS:

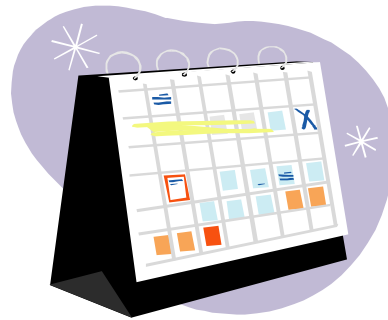
ICO Meetings

Wednesday, April 30, 2008 – Central City/Black Hawk, at Century Casino at 9:00 am.

Wednesday, May 14, 2008 – Cripple Creek, at Double Eagle at 1:00 pm.

Commission Meeting Dates:

- Thursday, March 20, 2008, in Lakewood
- Thursday, April 17, 2008, in Lakewood
- Thursday, May 21 & 22, 2008, in Lakewood
- Thursday, June 19, 2008, in Lakewood
- Thursday, July 17, 2008, in Lakewood
- Thursday, August 21, 2008, in Lakewood



Next ICO Report Due:

Thursday, July 31, 2008

This is the report for the period of January through June 2008.

USEFUL WEBSITES:

Drop & Count Form: <http://www.revenue.state.co.us/Gaming/documents/Section5forms.pdf>
(also available in Excel format by email request, casinos@spike.dor.state.co.us)

ICO checklist and attribute worksheets: <http://www.revenue.state.co.us/Gaming/wrap.asp?incl=icolist>

Minimum Bankroll form: <http://www.revenue.state.co.us/Gaming/Documents/MBA.xls>

Tax template: <http://www.revenue.state.co.us/Gaming/documents/tax.xls>